

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
DETROIT THERMAL, LLC , for approval of its)	
steam supply cost recovery plan and factors for the)	Case No. U-18153
12-month period from April 1, 2017, through)	
March 31, 2018.)	
_____)	

At the July 31, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER

On December 29, 2016, Detroit Thermal, LLC (Detroit Thermal), filed an application seeking approval of its proposed steam supply cost recovery (SSCR) plan and factors for the 12-month period from April 1, 2017, through March 31, 2018, together with the supporting testimony of its witnesses Robert Cullen and Josef Haak.

A prehearing conference was held on February 9, 2017, before Administrative Law Judge Martin D. Snider (ALJ). Detroit Thermal and the Commission Staff (Staff) participated in the proceeding.¹

¹ At this proceeding, the ALJ granted a petition to intervene filed by the County of Wayne. On June 29, 2017, the County of Wayne filed a motion to withdraw as an intervenor in the case. Detroit Thermal and the Staff filed statements of non-objection to the motion on June 30, 2017.

On July 7, 2017, Detroit Thermal and the Staff submitted a settlement agreement resolving all of the issues in this case.

According to the terms of the settlement agreement, attached as Exhibit A, the parties agree that Detroit Thermal should be authorized to implement a SSCR factor of \$13.66 per thousand pounds of steam applicable to the month of April 1, 2017, and continuing through the end of the plan period, March 31, 2018. The parties further agree that the incremental contingent SSCR factors delineated in Table 35.1 on Sheet No. 20.00 of Detroit Thermal's proposed tariff sheets attached to the settlement agreement should be implemented and incorporated into Detroit Thermal's tariff and that Detroit Thermal should be authorized to adjust its SSCR factor utilizing the incremental contingent SSCR factors in accordance with its quarterly SSCR factor price adjustment (contingency) mechanism. The parties agree that the proposed tariff sheets attached to the settlement agreement should be approved and incorporated into Detroit Thermal's tariff.

The parties believe that the settlement agreement will promote the public interest, and the Staff has stated that the settlement agreement is reasonable and in the public interest.

The Commission finds that the settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. The 2017-2018 steam supply cost recovery plan is approved.
- C. Detroit Thermal, LLC, is authorized to incorporate into its rates a steam supply cost recovery factor of \$13.66 per thousand pounds of steam for the 12-month period ending March 31, 2018.

D. Detroit Thermal, LLC's, incremental contingent steam supply cost recovery factors set forth in Table 35.1 on Sheet No. 20.00 attached to the settlement agreement are approved and should be incorporated into Detroit Thermal LLC's tariff.

E. Detroit Thermal, LLC, is authorized to adjust its steam supply cost recovery factor in accordance with its quarterly steam supply cost recovery factor price adjustment (contingency) mechanism.

F. Within 30 days, Detroit Thermal, LLC, shall file with the Commission tariff sheets consistent with the approvals granted in this order.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of July 31, 2017.

Kavita Kale, Executive Secretary

EXHIBIT A

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of Detroit)	
Thermal, LLC for approval of its Steam)	
Supply Cost Recovery Plan and Factors for)	Case No. U-18153
the 12-month period from April 1, 2017)	
through March 31, 2018)	
_____)	

SETTLEMENT AGREEMENT

As provided in Section 78 of the Administrative Procedures Act of 1969 (“APA”), as amended, MCL 24.278, and Rule 333 of the Michigan Public Service Commission’s (“Commission”) Rules of Practice and Procedure, 2000 AC, R 460.17333, and supported by the Commission’s own policy towards settlement of contested issues, Detroit Thermal, LLC (“Detroit Thermal”) and the Michigan Public Service Commission Staff (“Staff”) (hereafter collectively referred to as the “Parties”) have resolved through settlement discussions the issues before the Commission regarding Detroit Thermal’s Application for approval of its proposed Steam Supply Cost Recovery (“SSCR”) Plan and Factors for the twelve-month period from April 1, 2017 through March 31, 2018 (“Plan Period”) and agree as follows:

1. On December 29, 2016, Detroit Thermal filed the testimony of its witnesses Robert W. Cullen and Josef M. Haak in support of its Application requesting the Commission approve its proposed SSCR Plan and Factors for the twelve-months from April 1, 2017 through March 31, 2018.
2. On February 9, 2017, a prehearing conference was held before Administrative Law Judge (“ALJ”) Martin D. Snider. Detroit Thermal electronically submitted the requisite proofs of service prior to the conference.

3. At the prehearing, the ALJ granted a petition to intervene filed by the County of Wayne. The Commission Staff also participated in the proceedings.

4. Subsequent to the prehearing, the County of Wayne filed a motion to withdraw its Petition to Intervene and Detroit Thermal and Staff engaged in settlement discussions and have agreed as follows:

- a. Detroit Thermal's SSCR Plan for the twelve-month period from April 1, 2017 through March 31, 2018, and the underlying decisions are reasonable and prudent and should be approved by the Commission.
- b. Detroit Thermal should be authorized to implement a base SSCR Factor of \$13.66 per thousand pounds of steam ("Mlb.") effective with the billing cycle applicable to the month of April 1, 2017 and continuing through the end of the Plan Period, March 31, 2018.
- c. The Incremental Contingent SSCR Factors delineated in Table 35.1 on Sheet No. 20.00 of Detroit Thermal's proposed tariff sheets attached as Exhibit A to this Settlement Agreement should be implemented and incorporated into Detroit Thermal's tariff, contemporaneous with Commission approval of this Settlement Agreement.
- d. Detroit Thermal should be authorized to adjust the base SSCR Factor upward in accordance with its Quarterly SSCR Factor Price Adjustment (Contingency) Mechanism.
- e. The proposed tariff sheets attached to this Settlement Agreement as Exhibit A should be approved and incorporated into Detroit Thermal's tariff, contemporaneous with Commission approval of this Settlement Agreement.

- f. The decisions underlying Detroit Thermal's three-year forecast are reasonable and prudent based upon present evidence.
 - g. All issues relating to MPSC Case No. U-18153 are resolved by this Settlement Agreement without prejudicing any party's rights in regard to any subsequent reconciliation proceedings. Any party may support or challenge the reasonableness and prudence of Detroit Thermal's actual steam supply costs in Detroit Thermal's SSCR reconciliation case regarding the Plan Period.
5. Detroit Thermal and Staff believe that this Settlement Agreement will promote the public interest and will aid in the expeditious conclusion of this case.
6. This Settlement Agreement is entered into for the sole and express purpose of reaching a compromise among the parties. All offers of settlement and discussions relating to this settlement are considered privileged under MRE 408.
7. This Settlement Agreement is based on the facts and circumstances of this case and is intended as the final disposition of Case No. U-18153. If the Commission approves this Settlement Agreement without modification, the undersigned parties agree not to appeal, challenge, or otherwise contest the Commission Order approving this Settlement Agreement. Except as otherwise stated in this Agreement, the parties agree and understand that this Settlement Agreement does not limit any party's right to take new or different positions on similar issues in other administrative proceedings or appeals.
8. This Settlement Agreement is not severable. Each provision of this Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. Failure to comply with any provision of this Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement or any

provision of this Settlement Agreement, this Settlement Agreement shall be deemed to be withdrawn, shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall not operate to prejudice the pre-negotiation positions of any party.

9. Staff agrees that this Settlement Agreement is reasonable and in the public interest.

10. The parties agree to waive Section 81 of the APA, MCL 24.281, if the Commission approves this Settlement Agreement without modification.


WHEREFORE, the undersigned parties respectfully request that the Commission approve this Settlement Agreement without modification, and make it effective in accordance with its terms, by final order.

DETROIT THERMAL, LLC

By: **Matthew M. Peck**
Digitally signed by Matthew M. Peck
DN: cn=Matthew M. Peck, o=Fischer,
Franklin & Ford, ou,
email=mmpeck@fisherfranklin.com,
c=US
Date: 2017.07.07 14:42:59 -0400
Arthur J. LeVasseur (P29394)
Matthew M. Peck (P66361)
FISCHER, FRANKILN & FORD
Attorneys for Detroit Thermal, LLC
500 Griswold St., Suite 3500
Detroit, MI 48226-3808

Dated: July 7, 2017

**MICHIGAN PUBLIC SERVICE
COMMISSION STAFF**

By: 
Michael J. Orris (P51232)
Assistant Attorney General
Public Service Division
7109 W. Saginaw Hwy.
Lansing, MI 48917

Dated: July 7, 2017

EXHIBIT A

Table of Contents – Checklist

Sheet No.	Sheet Effective Date
Original 1.00	September 9, 2005
Original 2.00	September 9, 2005
Fifth Revised 3.00	October 12, 2016
Nineteenth Revised 4.00	_____, 2017
Original 5.00	September 9, 2005
Original 6.00	September 9, 2005
Original 7.00	September 9, 2005
First Revised 8.00	October 12, 2016
Original 9.00	September 9, 2005
Original 10.00	September 9, 2005
Original 11.00	September 9, 2005
Original 12.00	September 9, 2005
Original 13.00	September 9, 2005
Original 14.00	September 9, 2005
Sixth Revised 15.00	July 2016 Billing Cycle
Original 15.01	October 12, 2016
Original 15.02	October 12, 2016
Original 15.03	October 12, 2016
Original 15.04	October 12, 2016
Revised 16.00	See Sheet for Effective Date
Fifteenth Revised 17.00	October 2016 Billing Cycle
Sixth Revised 18.00	October 2016 Billing Cycle
Sixth Revised 19.00	October 2016 Billing Cycle
Nineteenth Revised 20.00	_____, 2017 Billing Cycle
Thirty First Revised 21.00	December 2008 Billing Cycle
Third Revised 22.00	December 2008 Billing Cycle
Third Revised 23.00	December 2008 Billing Cycle

Issued: _____, 2017
By: J. Haak, Vice President
Detroit Renewable Energy LLC
5700 Russell Street
Detroit, MI 48211

Effective for service rendered on and after
the _____ 2017 billing month.
Issued under authority of the
Michigan Public Service Commission
dated _____, 2017
Case No. U-18153

4. Steam Supply Cost Recovery Factors

The listed monthly Steam Supply Cost Recovery ("SSCR") factors are authorized pursuant to the Steam Supply Cost Recovery Clause, Rule 35.

Table 34.1

Month	Year	Base SSCR Factor \$/Mlb.	+	Incremental Contingent SSCR Factor \$/Mlb.	=	Maximum Allowable SSCR Factor \$/Mlb.	Actual SSCR Factor Billed \$/Mlb.
April	2017	\$ 13.66	+	\$ -	=	\$ 13.66	\$ 13.66
May	2017	\$ 13.66	+	\$ -	=	\$ 13.66	\$ 13.66
June	2017	\$ 13.66	+	\$ -	=	\$ 13.66	\$ 13.66
July	2017	\$ 13.66	+	\$ -	=	\$ 13.66	\$ 13.66
August	2017	\$ 13.66	+	\$ -	=	\$ 13.66	\$ -
September	2017	\$ 13.66	+	\$ -	=	\$ 13.66	\$ -
October	2017	\$ 13.66	+	\$ -	=	\$ 13.66	\$ -
November	2017	\$ 13.66	+	\$ -	=	\$ 13.66	\$ -
December	2017	\$ 13.66	+	\$ -	=	\$ 13.66	\$ -
January	2018	\$ 13.66	+	\$ -	=	\$ 13.66	\$ -
February	2018	\$ 13.66	+	\$ -	=	\$ 13.66	\$ -
March	2018	\$ 13.66	+	\$ -	=	\$ 13.66	\$ -

The Actual SSCR Factor Billed shall not exceed the Maximum Allowable SSCR Factor for the corresponding month. During any month of the SSCR Plan Year, the Company may elect to bill any SSCR factor equal to or less than the Maximum Allowable SSCR Factor for the corresponding month. The Maximum Allowable SSCR Factor for each month is calculated by summing the Base SSCR Factor and the Incremental Contingent SSCR Factor, if any, for the corresponding month.

The Base SSCR Factors listed in Table 34.1 contain a (\$0.00) per Mlb. under-recovery surcharge applicable from prior SSCR plan periods.

The listed SSCR factors are authorized pursuant to Rule No. 35; Steam Supply Cost Recovery Clause. The SSCR Factors are subject to adjustment pursuant to the Quarterly SSCR Factor Price Adjustment (Contingency) Mechanism as shown on Sheet Nos. 19.00 and 20.00. Sheet No. 16.00 will be updated if adjustments are made pursuant to this mechanism. The Commission is authorized to approve SSCR price adjustments contingent on future events pursuant to Section 6r(6) of 2008 PA 132.

The Company will file an application with the MPSC for SSCR factors applicable to the April 2018 through March 2019 period on or before December 31, 2017 pursuant to MCL 460.6r.

The Company will file a revised Sheet No. 16.00 at least three (3) business days prior to the commencement of each month.

(Continued on Sheet No. 17.00)

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(Continued from Sheet No. 19.00)

The Incremental Contingent SSCR Factors set forth in Table 35.1 are authorized for the SSCR Plan Year beginning on April 1, 2017 and ending on March 31, 2018:

Table 35.1					
<i>Plan NYMEX (X_{plan})</i>		Apr-Mar 1st Q	Jul-Mar 2nd Q	Oct-Mar 3rd Q	Jan-Mar 4th Q
		\$ 3.4760	\$ 3.4989	\$ 3.5405	\$ 3.5947
NYMEX Price Increase $X - X_{plan}$		SSCR Contingency Conversion Factors (MMBtu) / (Mlb)			
		0.731	0.717	0.734	0.719
Greater than or Equal to	But Less than	Incremental Contingent SSCR Factors \$ per Mlb.			
\$0.00	\$0.10	\$ -	\$ -	\$ -	\$ -
\$0.10	\$0.20	\$ 0.073	\$ 0.072	\$ 0.073	\$ 0.072
\$0.20	\$0.30	\$ 0.146	\$ 0.143	\$ 0.147	\$ 0.144
\$0.30	\$0.40	\$ 0.219	\$ 0.215	\$ 0.220	\$ 0.216
\$0.40	\$0.50	\$ 0.292	\$ 0.287	\$ 0.294	\$ 0.288
\$0.50	\$0.60	\$ 0.365	\$ 0.359	\$ 0.367	\$ 0.360
\$0.60	\$0.70	\$ 0.438	\$ 0.430	\$ 0.441	\$ 0.432
\$0.70	\$0.80	\$ 0.511	\$ 0.502	\$ 0.514	\$ 0.503
\$0.80	\$0.90	\$ 0.584	\$ 0.574	\$ 0.587	\$ 0.575
\$0.90	\$1.00	\$ 0.658	\$ 0.645	\$ 0.661	\$ 0.647
\$1.00	\$1.10	\$ 0.731	\$ 0.717	\$ 0.734	\$ 0.719
\$1.10	\$1.20	\$ 0.804	\$ 0.789	\$ 0.808	\$ 0.791
\$1.20	\$1.30	\$ 0.877	\$ 0.860	\$ 0.881	\$ 0.863
\$1.30	\$1.40	\$ 0.950	\$ 0.932	\$ 0.955	\$ 0.935
\$1.40	\$1.50	\$ 1.023	\$ 1.004	\$ 1.028	\$ 1.007
\$1.50	\$1.60	\$ 1.096	\$ 1.076	\$ 1.102	\$ 1.079
\$1.60	\$1.70	\$ 1.169	\$ 1.147	\$ 1.175	\$ 1.151
\$1.70	\$1.80	\$ 1.242	\$ 1.219	\$ 1.248	\$ 1.223
\$1.80	\$1.90	\$ 1.315	\$ 1.291	\$ 1.322	\$ 1.295
\$1.90	\$2.00	\$ 1.388	\$ 1.362	\$ 1.395	\$ 1.366
\$2.00	\$2.10	\$ 1.461	\$ 1.434	\$ 1.469	\$ 1.438
\$2.10	\$2.20	\$ 1.534	\$ 1.506	\$ 1.542	\$ 1.510
\$2.20	\$2.30	\$ 1.607	\$ 1.578	\$ 1.616	\$ 1.582
\$2.30	\$2.40	\$ 1.680	\$ 1.649	\$ 1.689	\$ 1.654
\$2.40	\$2.50	\$ 1.753	\$ 1.721	\$ 1.762	\$ 1.726
\$2.50	\$2.60	\$ 1.827	\$ 1.793	\$ 1.836	\$ 1.798
\$2.60	\$2.70	\$ 1.900	\$ 1.864	\$ 1.909	\$ 1.870
\$2.70	\$2.80	\$ 1.973	\$ 1.936	\$ 1.983	\$ 1.942
\$2.80	\$2.90	\$ 2.046	\$ 2.008	\$ 2.056	\$ 2.014
\$2.90	\$3.00	\$ 2.119	\$ 2.080	\$ 2.130	\$ 2.086

(Continued on Sheet No. 21.00)

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